

# **RESEARCH REPORT**

## DIXON TECHNOLOGIES (INDIA) LTD



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# About

Dixon Technologies (India) Limited, incorporated in 1993, is a Electronic Manufacturing Services (EMS) company with operations in the electronic products vertical such as consumer electronics, lighting, home appliance, closed-circuit television cameras (CCTVs), and mobile phones. It also undertakes reverse logistics operations. Besides, it manufactures security surveillance equipment, wearables & audibles, AC-PCBs. Recently, it has entered a JV with Imagine Marketing Private Limited for designing and manufacturing wireless audio solutions in India.

## Key Business

- Consumer Electronics - 25%
- Lighting Products - 12%
- Home Appliances - 7%
- Mobile & EMS - 60%
- Security Systems - 3%

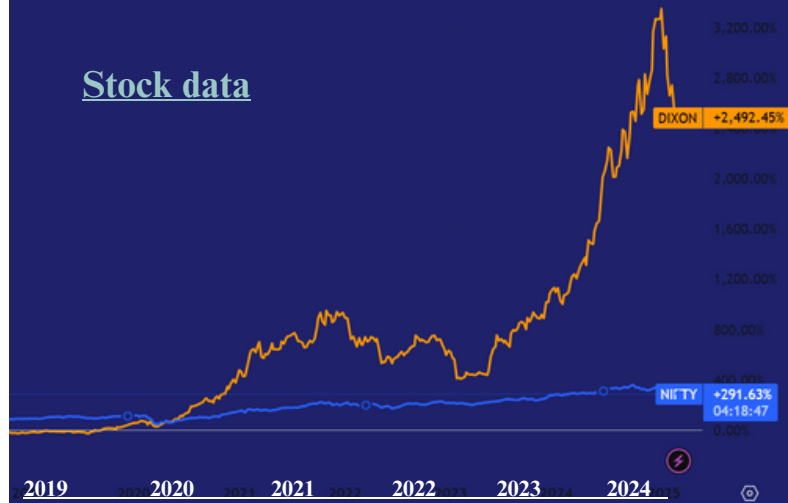
## Synopsis of Financials

- Consolidated revenues for Q3 grew by 100% year-on-year
- EBITDA increased by 64% year-on-year
- PAT grew by 87% year-on-year
- Return on capital employed and equity at 35.6% and 25.6% respectively

## Stock data (as 28th Feb 2025)

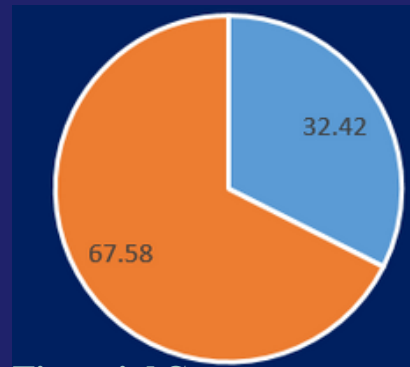
Nifty Price	: 22,288.60
52 week High (in Rs.)	: 19,150
52 week Low (in Rs.)	: 6,500
Market Cap. (in Crore)	: ₹81,636 Cr.
NSE Code	: DIXON

## Stock data



-NIFTY50  
-DIXON

## Shareholding Pattern (March 2024)



-PUBLIC GROUP  
-PROMOTER GROUP

## Financial Summary

Particulars	Mar 2022	Mar 2023	Mar 2024
Sales	10,697	12,192	17,691
Sales Growth %	65.89%	13.98%	45.10%
Expenses	10,313	11,673	16,986
Operating Profit	384	519	705
OPM %	4%	4%	4%
Net Profit	190	255	375
EPS in Rs	32.05	42.90	61.47

# Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	3,867	2,405	3,065	3,272	4,943	4,818	4,658
Expenses	3,722	2,294	2,909	3,140	4,744	4,634	4,476
Operating Profit	145	111	156	132	199	184	182
OPM %	4%	5%	5%	4%	4%	4%	4%
Other Income	1	4	3	6	3	4	19
Interest	16	15	15	14	17	22	21
Depreciation	29	29	32	34	36	41	51
Profit before tax	100	70	112	90	149	126	130
Tax %	23%	26%	28%	25%	24%	23%	25%
Net Profit	77	52	81	67	113	97	97

Source: Screener

## Key Ratios

Basis of ratios	₹ Lakh			
	Year ended 31 March 2024	Ratio	Year ended 31 March 2023	Ratio
<b>Inventory turnover ratio</b>				
Cost of goods sold	5,66,102	13.76	6,17,925	11.35
Average Inventory = (Opening stock + Closing stock) / 2	41,138		54,428	
<b>Trade receivables turnover ratio</b>				
Net sales (Total sales - Sales return)	6,41,140	6.98	6,99,740	7.88
Average trade receivables = (Opening debtors + Closing debtors) / 2	91,877		88,813	
<b>Trade payables turnover ratio</b>				
Total purchases (Net of purchase return)	5,63,018	4.94	5,99,980	4.75
Average trade payables = (Opening creditors + Closing creditors) / 2	1,14,070		1,26,405	
<b>Net capital turnover ratio</b>				
Net sales (Total sales - Sales return)	6,41,140	46.01	6,99,740	29.44
Working capital = Current assets - Current liabilities	13,935		23,770	
<b>Net profit ratio</b>				
Profit after tax	18,566	0.03	21,115	0.03
Net sales (Total sales - Sales return)	6,41,140		6,99,740	
<b>Return on equity ratio</b>				
Profit after tax	18,566	0.13	21,115	0.18
Total equity (Equity share capital+ other equity)	1,39,430		1,16,640	
<b>Return on Capital Employed</b>				
Earnings before interest and tax	28,846	0.18	32,147	0.23
Capital employed = Total assets - Current liabilities	1,60,543		1,41,562	
<b>Return on investment</b>				
Earnings before interest and tax	28,846	0.10	32,147	0.12
Total Assets	2,83,352		2,73,205	

Source: Annual Report

# Yearly Results

Particulars	Mar 2022	Mar 2023	Mar 2024
Equity Capital	12	12	12
Reserves	985	1,273	1,683
Borrowings	667	453	489
Other Liabilities	2,613	2,941	4,806
Total Liabilities	4,277	4,679	6,990
Fixed Assets	1,003	1,244	1,996
CWIP	22	120	68
Investments	141	44	20
Other Assets	3,111	3,272	4,905
Total Assets	4,277	4,679	6,990

# Synopsis Quater Results

## Key Highlights

### Quarterly Performance

- Consolidated revenues: ₹10,461 crores, up 117% YoY from ₹4,821 crores.
- Consolidated EBITDA: ₹398 crores, a growth of 113% YoY from ₹187 crores.
- Consolidated PAT: ₹217 crores, up 124% YoY from ₹97 crores.
- ROCE and ROE: Expanded to 42.6% and 33.3%, respectively, as of December '24.

### Debt and Liquidity:

- Gross debt-to-equity ratio maintained at a comfortable level of 0.15.
- Cash and cash equivalents: ₹222 crores, indicating disciplined cash flow management.
- Cash conversion cycle: Negative 3 days, ensuring sufficient liquidity for growth initiatives.

### Business Segment Performance:

#### Mobile Phones:

- Revenue: ₹8,089 crores, a growth of 176% YoY.
- New facility in Noida added, increasing production capacity to over 60 million smartphones annually.
- Strong partnerships with global smartphone brands, including Motorola, Xiaomi, and Vivo.
- Volume for Q3: 8.3 million smartphones; total for 9 months: 21 million.
- Feature phones: 9.3 million units in Q3, total for 9 months: 25 million.
- Binding term sheet with Vivo for a joint venture, with Dixon holding 51% stake.

#### Consumer Electronics:

- Revenue from LED TVs and refrigerators: ₹633 crores; operating profit margin: 3.5%.
- Refrigerators captured 8% market share in direct cool categories within the first year.
- New partnerships with multinational brands for TV ODM solutions.

#### Home Appliances:

- Revenue: ₹315 crores, a 9% YoY growth; operating profit: ₹32 crores, up 7% YoY.
- Exploring new product categories such as robotic vacuum cleaners and water purifiers.

#### Telecom and Networking Products:

- Revenue: ₹977 crores, a growth of 48% QoQ.
- New Noida facility commenced production to meet increased order book for anchor customers.

#### Laptops, Tablets, and IT Hardware:

- Dedicated IT hardware manufacturing unit in Chennai ready for production; trials starting in February '25.
- Joint venture discussions with a large global ODM to expand product portfolio.

### ### Strategic Initiatives:

#### Component Manufacturing:

- Foraying into components to enhance value addition and improve margins.
- Plans to manufacture displays in partnership with HKC; production expected to start by Q1/Q2 FY '26.
- Actively pursuing backward integration to localize production and reduce reliance on imports.

#### Display Fab Project:

- Planning to establish a display fab to localize production of critical components.
- Expected capex: Approximately \$3 billion, with potential for significant revenue generation and margin accretion.
- Awaiting government policy guidelines under ISM 2.0 to proceed.

### ### Challenges and Outlook:

#### Market Conditions:

- Consumer electronics segment, particularly LED TVs, facing slower growth due to subdued demand.
- Overall market conditions remain challenging, but management expresses confidence in long-term growth potential.

#### Competition:

- Anticipation of increased competition post-PLI incentives expiration in FY '26; management remains optimistic about maintaining market share through efficiency and automation.

# Highlights

Revenue \*



₹4,675 crs

52% YoY

₹ 3,067 crs in Q4,FY23

EBITDA\*



₹ 199 crs

26% YoY

₹ 158 crs in Q4,FY23

EBITDA Margin



4.3%

(90) bps

5.2% in Q4,FY23

PBT



₹ 130 crs

16% YoY

₹ 112 crs in Q4,FY23

PBT Margin



2.8%

(90) bps

3.7% in Q4,FY23

PAT



₹ 97 crs

20% YoY

₹ 81 crs in Q4,FY23

PAT Margin



2.1%

(50) bps

2.6% in Q4,FY23

# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Dixon Technolog.	13755.00	130.11	82638.97	0.04	216.23	77.51	10453.68	116.96	29.16
MIRC Electronics	14.15		326.85	0.00	-5.27	-440.00	166.81	-43.36	-19.92

Source: Screener

# Final Outlook

**DIXON: BUY | LTP: 13,770**

Dixon Technologies' future fundamental analysis suggests that the company is expected to see significant revenue growth in the coming fiscal year. This growth is expected to be driven by expansion in mobile and EMS segments, and growth in local electronics manufacturing.

## Key Insights

- Dixon Technologies is one of the largest LED TV manufacturers in India.
- The company has a healthy ROCE of 23.85% over the past 3 years.
- The company has a good cash flow management.
- The company has shown a poor profit growth of 6.90% for the Past 3 years.
- The company has shown a poor revenue growth of 4.15% for the Past 3 years.
- The company is expected to more than double its revenue this fiscal year.
- The company has reported a 117% growth in its mobile segment.
- The company has a target price set at ₹19,000.
- The company has expanded talent pool internationally.
- The company has benefited from PLI Scheme Incentive.

I would give **Buy** recommendation for this stock

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